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2004 UI & TDI TAXABLE WAGE BASES

In accordance with state law, the Department has determined the 2004 taxable wage bases for the Unemployment Insurance and Temporary Disability Insurance programs. The wage base, on which Unemployment Insurance taxes will be paid during the tax year that begins January 1, will be \$14,000. This is an increase of \$2,000 from the 2003 taxable wage base of \$12,000.

The higher taxable wage base is the result of a declining balance in the Employment Security Fund. The taxable wage base is determined by the level of reserves in the Employment Security Fund. As of September 30th, there was \$194.5 million in reserves to pay benefits. According to the law, if the Employment Security Fund balance is more than \$175 million but less than \$225 million on September 30th the taxable wage base will be \$14,000 for the next calendar year.

While the wage base limits the amount of wages that are taxable, tax rates for individual employers will also vary according to their experience with the Unemployment Insurance system. Employers will be notified of their individual 2004 tax rates in December.

The Temporary Disability Insurance (TDI) taxable wage base will be \$46,800 in 2004, an increase of \$1,500 over the 2003 base of \$45,300. The TDI taxable wage base is set at the amount of earnings needed by an individual to qualify for the maximum weekly benefit of \$588 for the maximum duration of 30 weeks. As a result of a higher TDI Fund balance, the *employee* contribution rate for TDI will be lowered to 1.5 percent in 2004. This is a decrease of 11.8 percent from the 2003 rate of 1.7 percent. This will mean lower *employee* payroll deductions for TDI in 2004.

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Equal Opportunity Employer

*Auxiliary aids and services are available up on request to individuals with disabilities
TDD (401) 462-8006*